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Message Text

SECRET

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 TRSE-00 IGA-02 EB-08 OMB-01
L-03 CIAE-00 INR-07 NSAE-00 DODE-00 PM-04 /095 W
----------272234Z 014058 /62
R 271550Z APR 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 4393

S E C R E T CAIRO 7110

DEPT ALSO PASS AID

EO 11652: GDS
TAGS: EAID, EG, US
SUBJ: REQUEST BY CHAIRMAN OF SUEZ CANAL AUTHORITY (SCA)
FOR USG ASSISTANCE IN WIDENING AND DEEPENING SUEZ CANAL

REF (A) CAIRO 6834, (B) CAIRO 5372,

SUMMARY: IN CALL ON AMB, SCA CHAIRMAN MASHOUR RECONFIRMED GOE REQUEST FOR ASSISTANCE IN SUEZ CANAL MODERNIZATION PROGRAM. SPECIFICALLY, HE WANTED (A) US CONTRIBUTION TO FINANCING OF PROJECT AND (B) PROVISION BY COE OF ONE OR MORE HOPPER DREDGERS. AMB INDICATED GOE REQUEST UNDER STUDY, BUT NOTED OUR PREFERENCE TO USE AID FUNDS FOR SOME IDENTIFIABLE PROJECT. WE HAVE ALREADY ALLOCATED $25 MILLION IN AID FUNDS IN FY77 AND ARE CONSIDERING DOING THE SAME NEXT FISCAL YEAR. RE HOPPER DREDGERS, AMB POINTED OUT EGYPTIAN REQUEST WILL HAVE TO BE WEIGHED AGAINST COMPETING COE REQUIREMENTS AND PRIORITIES FOR SUCH DREDGERS. MASHOUR INDICATED THAT, IF AID FUNDING NOT AVAILABLE, HE ABLE OBTAIN FUNDS FROM GOE SOURCES. RECOMMEND WE EXPLORE POSSIBILITY OF OFFERING HOPPER DREDGERS. END SUMMARY

1. ON 23 APRIL SCA CHAIRMAN MASHOUR AHMED MASHOUR CALLED ON AMB TO RECONFIRM GOE REQUEST FOR ASSISTANCE IN SUEZ CANAL
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MODERNIZATION PROGRAM. HE REFERRED TO THE "MEMORANDUM" WHICH FAHMY HAD GIVEN ME (REF B) AND ASKED FOR TWO FORMS OF ASSISTANCE:

(A) A US CONTRIBUTION TO FINANCING OF PROJECT AND (B) PROVISION BY US ARMY CORPS OF ENGINEERS (COE) OF ONE OR MORE HOPPER TYPE DREDGES TO WORK IN PORT SAID HARBOR IN CONNECTION

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WITH MODERNIZATION OF THE HARBOR AND BUILDING OF NEW BREAK-
WATER.

2. AMB CONFIRMED THAT FAHMY HAD GIVEN HIM MEMORANDUM ON
THE SUBJECT. THE PROPOSALS CONTAINED THEREIN ARE NOW BEING
STUDIED BY INTERESTED WASHINGTON AGENCIES. SO FAR AS US
FINANCIAL CONTRIBUTION, AMB STATED THAT HE PERSONALLY HAD SOME
DOUBTS ABOUT THIS. FOR REASONS THAT MASHOUR WOULD UNDERSTAND,
WE WOULD LIKE AID FUNDS TO BE USED FOR SOME IDENTIFIABLE
PROJECT. IF THEY ARE SIMPLY LUMPED IN WITH OTHER INTER-
NATIONAL ASSISTANCE, WE LOSE THE IMPACT THAT WE WANT AND
THAT WE BELIEVE PRES SADAT WANTS. AS HE KNEW, WE HAVE ALREADY
ALLOCATED $25 MILLION IN AID FUNDS IN FY77 FOR SUEZ CANAL
EQUIPMENT AND ARE CONSIDERING DOING THE SAME NEXT FISCAL YEAR.
THIS EQUIPMENT WILL CONSTITUTE AN IDENTIFIABLE AMERICAN
ACTIVITY. AMB ASKED IF ADDITIONAL JAPANESE FUNDING MIGHT
NOT BE OBTAINED? MASHOUR CONTENDED THAT US FINANCING WOULD
HAVE POSITIVE IMPACT, BUT WAS VAGUE ON JUST HOW THIS COULD
BE ARRANGED. THE JAPANESE, HE NOTED, WILL PROVIDE FUNDS ONLY
IF A JAPANESE COMPANY IS INVOLVED. WE FINALLY ACKNOWLEDGED,
HOWEVER, THAT IF THE NEEDED ADDITIONAL FUNDSCAN NOT BE OBTAINED
FROM BILATERAL OR INTERNATIONAL DONORS, HE WILL BE ABLE TO
GET IT FROM GOE.

3. REVERTING TO HIS PARALLEL REQUEST FOR HOPPER DREDGES,
MASHOUR ESTIMATED TOTAL QUANTITY OF MATERIAL TO BE DREDGED
AT BETWEEN 40 AND 50 MILLION CUBIC METERS, WHICH HE THOUGHT
COULD BE ACCOMPLISHED BY ONE LARGE DREDGE OR TWO OR MORE SMALLER
ONES IN PERHAPS TWO YEARS. HERE AGAIN MASHOUR INDICATED HIS
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HOPE THAT AID FUNDING MIGHT BE AVAILABLE TO COVER COSTS,
BUT SUBSEQUENTLY ACKNOWLEDGED THAT IF COE CAN MAKE DREDGE
AVAILABLE AT REASONABLE COSTS, SCA COULD USE ITS OWN RE-
SOURCES TO PAY.

4. AMB RESPONSED THAT, WHILE USG SUPPORTS CANAL MODERNIZATION
EFFORT, IT MUST BE RECOGNIZED THAT COE ASSETS ARE FINITE AND
MAY WELL BE COMMITTED TO PURCHASES WITHIN CONTINENTAL
UNITED STATES AND ELSEWHERE. THIS IS A DECISION WHICH SECDEF
MUST MAKE, BASED UPON COMPETING REQUIREMENTS AND PRIORITIES.
AMB ALSO POINTED OUT THAT, WHILE COE SERVICES ARE EXCELLENT,
ITS COSTS ARE HIGH AND THAT THERE IS NO ASSURANCE THAT AID WOULD
BE ABLE TO COVER THE COSTS. IT WAS OURUNDERSTANDING THAT
GOE REQUEST FOR HOPPER DREDGES IS ALSO BEING STUDIED BY
THE APPROPRIATE USG AGENCIES. AMB UNDERTOOK TO APPRISE
MASHOUR OF WHATEVER RESPONSE IS RECEIVED.

5. COMMENT: WHILE WE HAVE DOUBTS ABOUT PARTICIPATING IN
FUNDING OF SUEZ CANAL MODERNIZATION SCHEME, APART FROM

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IDENTIFIABLE COMPONENTS SUCH AS EQUIPMENT, WE RECOMMEND
THAT DEPT EXPLORE WITH DOD THE AVAILABILITY OF HOPPER DREDGER
ASSETS REQUESTED BY MASHOUR. IF DESIRED ASSETS CAN BE MADE
AVAILABLE, WE SHOULD GIVE SYMPATHETIC CONSIDERATION TO FILLING
ALL OR PART OF MANSHOUR'S REQUEST. AS AN INTERNAL USG
MATTER, THE AVAILABILITY OF AID FUNDING FOR PURPOSES OF
LEASING THE HOPPER DREDGES MIGHT BE EXPLORED. IF NOT, AVAIL-
ABILITY OF DREDGES MIGHT STILL BE MADE KNOWN TO MANSHOUR IN
CASE HE IS PREPARED TO USE GOE FUNDS FOR THIS PURPOSE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Concepts: CONSTRUCTION, CANALS, DREDGING, FOREIGN ASSISTANCE
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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SAS ID: 2683971
Secure: OPEN
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Subject: REQUEST BY CHAIRMAN OF SUEZ CANAL AUTHORITY (SCA) FOR USG ASSISTANCE IN WIDENING AND DEEPENING SUEZ CANAL
TAGS: EAID, EG, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/d35cc19c-c288-dd11-92da-001cc4696bcc
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